Tycoon Group Holdings Limited
滿貫集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3390)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2023 ("**Financial Year**" or "**FY2023**") was HK$1,198.6 million, representing an increase of 1.1% compared to HK$1,186.2 million for the year ended 31 December 2022 ("**FY2022**").

- Gross profit of the Group for FY2023 was HK$321.1 million, representing an increase of 22.8% compared to HK$261.5 million for FY2022.

- Gross profit margin increased by 4.8 percentage points from 22.0% in FY2022 to 26.8% in FY2023.

- Net profit of the Group for FY2023 was HK$297.3 million, representing a significant increase of 581.4% compared to HK$43.6 million for FY2022.

- The Board has recommended to declare a final dividend of HK3.5 cents in cash per ordinary share for FY2023 (FY2022: HK3 cents). Together with the interim dividend of HK3.5 cents per ordinary share, this brings the total dividend for FY2023 to HK7 cents per ordinary share (FY2022 total dividend: HK3 cents).

The board ("**Board**") of directors ("**Directors**") of Tycoon Group Holdings Limited ("**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**" or "**Tycoon Group**") for the year ended 31 December 2023 together with the comparative figures for the corresponding period in 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*4*	**1,198,649**	1,186,185
Cost of sales	*5*	**(877,547)**	(924,647)
Gross profit		**321,102**	261,538
Other income	*4*	**6,147**	3,246
Other gains/(losses), net	*4*	**202,875**	(5,609)
Selling and distribution expenses	*5*	**(108,524)**	(121,411)
General and administrative expenses	*5*	**(84,530)**	(72,884)
Net impairment losses on financial assets		**(520)**	–
Operating profit		**336,550**	64,880
Finance costs		**(23,416)**	(11,323)
Share of results of investments accounted for using the equity method		**4,562**	(3,190)
Profit before income tax		**317,696**	50,367
Income tax expense	*6*	**(20,373)**	(6,736)
Profit for the year		**297,323**	43,631
Other comprehensive income/(loss)			
Items that have been reclassified or may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries		**(737)**	(3,893)
Reclassification of exchange reserve upon the disposal of subsidiaries		**5,987**	–
Total comprehensive income for the year		**302,573**	39,738

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Profit attributable to:			
Equity holders of the Company		**297,319**	43,750
Non-controlling interests		**4**	(119)
		297,323	43,631
Total comprehensive income attributable to:			
Equity holders of the Company		**302,569**	39,857
Non-controlling interests		**4**	(119)
		302,573	39,738
Earnings per share attributable to the ordinary equity holders of the Company			
Basic *(HK cents per share)*	*7*	**HK38 cents**	HK6 cents
Diluted *(HK cents per share)*	*7*	**HK38 cents**	HK6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**54,486**	60,954
Right-of-use assets		**17,181**	13,101
Intangible assets		**86,248**	38,664
Investments accounted for using the equity method		**102,203**	33,710
Prepayments and deposits		**862**	996
Financial assets at fair value through profit or loss		**57,750**	19,000
Deferred income tax assets		**3,663**	9,205
Other non-current asset		**–**	6,835
Total non-current assets		**322,393**	182,465
Current assets			
Inventories		**141,345**	341,818
Prepayments, deposits and other receivables		**161,294**	147,651
Amounts due from related parties		**88,206**	9,367
Trade receivables	*9*	**236,612**	256,213
Cash and cash equivalents		**39,101**	74,603
Total current assets		**666,558**	829,652
Total assets		**988,951**	1,012,117
Non-current liabilities			
Lease liabilities		**8,894**	3,010
Deferred income tax liabilities		**3,396**	1,170
Total non-current liabilities		**12,290**	4,180

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Current liabilities			
Trade payables	*10*	**156,714**	302,764
Other payables and accruals		**70,071**	68,101
Bank borrowings		**139,028**	278,368
Loan from a shareholder		**50,000**	50,000
Amounts due to related parties		**–**	8
Lease liabilities		**8,238**	10,220
Current tax liabilities		**9,064**	5,316
Total current liabilities		**433,115**	714,777
Total liabilities		**445,405**	718,957
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	*11*	**8,000**	8,000
Reserves		**528,228**	285,640
		536,228	293,640
Non-controlling interests		**7,318**	(480)
Total equity		**543,546**	293,160
Total equity and liabilities		**988,951**	1,012,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Tycoon Group Holdings Limited (the "**Company**") is an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2017. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 14, 8/F., Wah Wai Centre, 38-40 Au Pui Wan Street, Shatin, New Territories, Hong Kong.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 April 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the distribution and retail of health and well-being related products.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Tycoon Empire Investment Limited, which is incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

These consolidated financial statements were approved for issue by the board of directors of the Company (the "**Board**") on 27 March 2024.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRSs comprise the authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("**FVPL**"), which are measured at fair values, and investment in an insurance contract classified in other non-current asset which is stated at its cash surrender value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)
HKAS 12	International Tax Reform – Pillar Two Model Rules (amendments)
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.2 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 OPERATING SEGMENT INFORMATION

The executive director has been identified as the chief operating decision-maker. The executive director reviews the Group's internal reports in order to assess performance and allocate resources. The executive director has determined the operating segments based on these reports. Operating segments are reported in a manner consistent with the internal reporting to the Group's key management personnel as follows:

(a) the distribution segment, which includes the operation of distributing products to chain retailers, non-chain retailers and traders;

(b) the e-commerce segment, which includes the operation of online stores and wholesale to e-commerce customers through its subsidiaries for the period ended 30 September 2023 prior to the disposal and through its associated company for the period since 1 October 2023 to 31 December 2023; and

(c) the retail store segment, which represent the operation of Hong Ning Hong Limited ("**HNH**").

The executive director monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax.

The adjusted profit before tax is measured consistently with the Group's profit before tax except that gain on disposal of subsidiaries, gain on remeasurement of previously held interests in an associated company, gain on disposal of a joint venture, loss on disposal of property, plant and equipment, fair value gain/(loss) on financial assets at fair value through profit or loss, change in value of investment in an insurance contract, foreign exchange differences, net, finance income, finance costs (other than interests on lease liabilities), corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude financial assets at fair value through profit or loss, investment in an insurance contract, deferred income tax assets, amounts due from related parties, cash and cash equivalents, receivable from disposal of subsidiaries and corporate and other unallocated assets as these assets are managed on a group basis. Segment liabilities exclude deferred income tax liabilities, bank borrowings, loan from a shareholder, amounts due to related parties, current tax liabilities, and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Information provided to the executive director is measured in a manner consistent with that of the consolidated financial information.

a) **The following table presents revenue and results for the Group's reportable segments:**

	Distribution		**E-commerce**		**Retail Store**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**684,284**	447,512	**406,397**	738,673	**107,968**	–	**1,198,649**	1,186,185
Inter-segment revenue	**22,094**	34,788	**–**	–	**8,905**	–	**30,999**	34,788
Reportable segment revenue	**706,378**	482,300	**406,397**	738,673	**116,873**	–	**1,229,648**	1,220,973
Reportable segment results	**94,919**	42,152	**48,380**	40,743	**7,611**	(3,190)	**150,910**	79,705
Gain on disposal of subsidiaries							**186,727**	–
Gain on remeasurement of previously held interests in an associated company							**1,414**	–
Gain on disposal of a joint venture							**10,000**	–
Loss on disposal of property, plant and equipment							**(388)**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss							**6,450**	(4,165)
Change in value of investment in an insurance contract							**148**	(1,323)
Exchange loss							**(314)**	(121)
Finance income							**207**	42
Finance costs (other than interests on lease liabilities)							**(23,010)**	(10,821)
Corporate and other unallocated expenses							**(14,448)**	(12,950)
Profit before income tax							**317,696**	50,367
Income tax expense							**(20,373)**	(6,736)
Profit for the year							**297,323**	43,631

(b) The following table presents the total assets and liabilities for the Group's reportable segments:

	Distribution		E-commerce		Retail Store		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**478,349**	367,263	**102,203**	472,530	**137,275**	33,710	**717,827**	873,503
Financial assets at fair value through profit or loss							**57,750**	19,000
Investment in an insurance contract							**–**	6,835
Deferred income tax assets							**3,663**	9,205
Amounts due from related parties							**88,206**	9,367
Cash and cash equivalents							**39,101**	74,603
Receivable from disposal of subsidiaries							**60,000**	–
Corporate and other unallocated assets							**22,404**	19,604
Total							**988,951**	1,012,117

	Distribution		E-commerce		Retail Store		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**(197,481)**	(164,920)	**–**	(208,081)	**(42,623)**	–	**(240,104)**	(373,001)
Deferred income tax liabilities							**(3,396)**	(1,170)
Bank borrowings							**(139,028)**	(278,368)
Loan from a shareholder							**(50,000)**	(50,000)
Amounts due to related parties							**–**	(8)
Current tax liabilities							**(9,064)**	(5,316)
Corporate and other unallocated liabilities							**(3,813)**	(11,094)
Total							**(445,405)**	(718,957)

	Distribution	E-commerce	Retail Store	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2023					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	**3,577**	**1,711**	**13**	**89**	**5,390**
Depreciation of right-of-use assets	**6,736**	**3,234**	**1,675**	**448**	**12,093**
Amortisation of intangible assets	**1,458**	**–**	**916**	**–**	**2,374**
Addition to non-current assets	**16,657**	**860**	**53,629**	**1,076**	**72,222**
2022					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	4,182	1,429	–	135	5,746
Depreciation of right-of-use assets	4,755	5,128	–	926	10,809
Amortisation of intangible assets	1,458	–	–	–	1,458
Addition to non-current assets	11,743	2,544	–	2,268	16,555

(c) Geographical information

(i) Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Mainland China	**413,892**	750,878
Hong Kong	**623,747**	321,552
Macau	**112,655**	94,592
Singapore	**41,795**	18,889
Others	**6,560**	274
Total revenue from contracts with customers	**1,198,649**	1,186,185
Timing of revenue recognition at a point in time	**1,198,649**	1,186,185

The revenue above is based on the location of the customers.

(ii) ***Non-current assets (other than investments accounted for using the equity method, deferred income tax assets, financial instruments and investment in an insurance contract)***

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**103,981**	45,678
Macau	**42,156**	43,643
Mainland China	**–**	10,789
Singapore	**10,295**	10,677
Australia	**98**	475
Others	**2,247**	2,453
Total	**158,777**	113,715

4 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue, other income and other gains/(losses), net recognised during the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**1,198,649**	1,186,185
Timing of revenue recognition		
At a point in time	**1,198,649**	1,186,185
Other income		
Government grants (Note a)	**748**	1,405
Service income from a joint venture	**117**	498
Finance income	**207**	42
Dividend income	**3,273**	100
Others	**1,802**	1,201
	6,147	3,246
Other gains/(losses), net		
Fair value gain/(loss) on financial assets at fair value through profit or loss	**6,450**	(4,165)
Change in value of investment in an insurance contract	**148**	(1,323)
Loss on disposal of property, plant and equipment	**(388)**	–
Gain on disposal of subsidiaries	**186,727**	–
Gain on remeasurement of previously held interests in an associated company	**1,414**	–
Gain on disposal of a joint venture (Note b)	**10,000**	–
Exchange loss	**(1,476)**	(121)
	202,875	(5,609)

Notes:

(a) The amounts recognised were primarily related to the government subsidies granted by the Government of the Hong Kong Special Administrative Region under Technology Voucher Programme for the year ended 31 December 2023 (2022: Employment Support Scheme). There were no unfulfilled conditions and other contingencies attaching to these grants.

(b) On 17 March 2023, Million Effort Investment Limited ("**Million Effort**"), an indirect wholly-owned subsidiary of the Company, disposed of its entire 50% interests in Five Ocean Inc. ("**Five Ocean**") and its liabilities, to JBM (BVI) Limited ("**JBM BVI**"), a wholly-owned subsidiary of JBM (Healthcare) Limited ("**JBM**") at a consideration of HK$17,000,000. The consideration was settled by 20,000,000 shares issued by JBM at the issue price of HK$0.85 each. A gain on disposal of a joint venture of HK$10,000,000 has been recognised in the profit or loss for the year ended 31 December 2023.

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses are analysed as follows:

	2023	2022
	HK$'000	*HK$'000*
Cost of inventories sold (including write down of inventories of HK$5,010,000 (2022: HK$5,132,000))	**877,547**	924,647
Depreciation of property, plant and equipment, including leasehold land	**5,390**	5,746
Depreciation of right-of-use assets	**12,093**	10,809
Amortisation of intangible assets	**2,374**	1,458
Remuneration to the Company's auditor		
– Group annual audit services	**2,500**	2,200
– Non-audit services	**1,500**	33
Employee benefit expenses	**65,856**	53,674
Expenses under short-term leases	**2,222**	1,892
Advertising fee	**42,874**	40,607
Service expense to a joint venture	**2,651**	22,347

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year ended 31 December 2023. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**17,267**	4,267
– Others	**2,264**	833
Over-provision in prior years	**(994)**	(847)
Total current income tax	**18,537**	4,253
Deferred income tax	**1,836**	2,483
Total tax expense for the year	**20,373**	6,736

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023	2022
	HK$'000	*HK$'000*
Profit before tax	**317,696**	50,367
Tax at the statutory tax rate at 16.5%	**52,420**	8,311
Effect of tax rate differences in other jurisdictions	**564**	(323)
Income not subject to tax	**(33,713)**	(1,289)
Expenses not deductible for tax	**1,802**	355
Tax loss not recognised	**489**	427
Over-provision in prior years	**(994)**	(847)
Others	**(195)**	102
Tax expense	**20,373**	6,736

7 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2023	2022
Profit attributable to equity holders of the Company *(HK$'000)*	**297,319**	43,750
Weighted average number of ordinary shares in issue *(in thousands)*	**781,316**	780,821
Basic earnings per share *(HK cents)*	**38**	6

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one (2022: one) category of potentially dilutive ordinary shares: share awards (2022: same). For the share awards, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the year) based on the monetary value of the outstanding share awards. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share awards.

For the years ended 31 December 2023 and 2022, the calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company and the adjusted weighted average number of ordinary shares outstanding assuming the conversion of all potentially dilutive ordinary shares, which was calculated as follows:

	Year ended 31 December	
	2023	2022
Profit attributable to equity holders of the Company *(HK$'000)*	**297,319**	43,750
Weighted average number of ordinary shares in issue *(in thousands)*	**781,316**	780,821
Adjustment for share awards *(in thousands)*	**5,365**	4,013
Weighted average number of ordinary shares in issues for diluted earnings per share *(in thousands)*	**786,681**	784,834
Diluted earnings per share *(HK cents)*	**38**	6

8 DIVIDEND

	2023	2022
	HK$'000	*HK$'000*
Paid dividend:		
Interim dividend declared		
– HK3.5 cents per ordinary share (2022: nil)	**28,000**	–
Proposed dividend:		
Final dividend in respect of the year		
– HK3.5 cents per ordinary share (2022: HK3 cents per ordinary share)	**28,000**	24,000

9 TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**236,612**	256,213

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 30 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Included in the Group's trade receivables were amounts due from related parties of the Group of HK$27,008,000 (2022: HK$17,900,000) as at 31 December 2023.

An ageing analysis of the trade receivables based on the invoice date is as follows:

	2023	2022
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	**153,289**	202,101
91 to 180 days	**28,159**	29,587
Over 180 days	**55,164**	24,525
	236,612	256,213

10 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**19,493**	140,208
31 to 60 days	**25,178**	48,099
61 to 120 days	**36,981**	42,731
Over 120 days	**75,062**	71,726
	156,714	302,764

Trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

Included in the Group's trade payables were amounts due to related parties of the Group of HK$8,629,000 (2022: HK$117,857,000) as at 31 December 2023.

11 ISSUED CAPITAL

Shares

The Company is a limited liability company incorporated in the Cayman Islands on 14 June 2017. The authorised share capital of the Company upon its incorporation was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. The authorised share capital of the Company was increased to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each on 23 March 2020.

	2023	2022
	HK$'000	*HK$'000*
Issued and fully paid:		
800,000,000 (2022: 800,000,000) ordinary shares of HK$0.01 each	**8,000**	8,000

The movements in share capital were as follows:

	Number of ordinary shares of HK$0.01 each	**Nominal value of ordinary shares**
		HK$'000
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	800,000,000	8,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tycoon Group is a reputable omnichannel marketing and management service integrator of healthcare and wellbeing-related products in Hong Kong. The Group specialises in providing one-stop services for Proprietary Chinese Medicine ("**PCM**") and health supplement products, including brand agent, marketing, management, distribution, and sales. Through years of efforts, the Group has established a strong online and offline sales network in Hong Kong, Macau, the People's Republic of China (the "**PRC**") and Southeast Asia. The Group has provided over 200 local and overseas brands and over 1,500 products to consumers, and has developed several popular and quality self-owned brands. As one of the market leaders, the Group has diversified its businesses to maintain competitive advantages in the market, and strives to bring reputable and quality products to consumers through its online and offline dual-channel business model.

MARKET REVIEW

Over the past few years, Hong Kong's economy has been severely affected by the COVID-19 epidemic. However, in 2023, it began its journey towards recovery as normal travel between Hong Kong and Mainland China fully resumed. Although the market performance has been weakened by external factors, Hong Kong has determined to revitalise its economy by promoting night-time activities, enhancing foot traffic, attracting consumers, and gradually restoring vitality to the retail sector.

As the number of visitors returning to Hong Kong continues to rise, the Hong Kong Tourism Board has reported preliminary figures for 2023. The total number of visitor arrivals for the year reached approximately 34 million, with nearly 4 million visitors in December 2023 alone. Mainland China remained the largest source market for visitor arrivals throughout the year. Among the Southeast Asian markets, visitor arrivals from the Philippines and Thailand showed the fastest recovery, surpassing pre-epidemic levels (average from 2017 to 2018) in December, with a recovery rate of 116% and 106%, respectively. Analysing travel purpose and visitor types, the segment of visitors for MICE (Meetings, Incentives, Conferences, and Exhibitions) has recovered to around 70% of pre-epidemic levels, making it the fastest-growing group compared to leisure travellers. Furthermore, during the first four days of Chinese New Year holiday (10 to 13 February 2024), about 750,000 visitors arrived in Hong Kong, about 650,000 of whom were from the Mainland China, exceeding the Mainland China arrivals of 640,000 in the same period in 2018.

On the other hand, by mid-2023, there has been a significant outflow of local spending power. During the summer vacation in July 2023, the number of Hong Kong residents departing through the airport reached 966,000, with an average of over 30,000 people leaving Hong Kong daily. Furthermore, due to the strong Hong Kong currency and the introduction of attractive incentives for Hong Kong residents by several Mainland China shopping malls, including discounts on dining and beauty services, many Hong Kong residents have been enticed to travel to the Mainland China for weekend shopping and consumption. In response to this shift, the HKSAR Government has implemented a series of measures, such as the "Night Vibes Hong Kong" campaign, to enhance the overall tourist experience while encouraging local consumption to stay within the region.

In recent times, Hong Kong residents travelling north has become a popular trend, but their consumption there mainly focuses on dining and entertainment, with minimal impact on local sales of daily necessities, particularly medicines and health supplement products. According to data from the Census and Statistics Department, the retail sales figures for full year 2023 showed a 38.9% year-on-year increase in the categories of medicines and cosmetics. The Group primarily sells healthcare products and PCM, which fall under the category of daily necessities. The sales in Hong Kong in 2023 surpassed those of 2022, and the Group's products continue to maintain a leading position among the top 10 must-buy pharmaceutical items for Mainland China visitors to Hong Kong.

BUSINESS REVIEW

The Group mainly operates three major operating segments, namely distribution business, e-commerce business and retail store business. The distribution business of the Group mainly includes the distribution of consumer products to sizable chain retailers, non-chain retailers (mainly pharmacies) and traders in Hong Kong, Macau, Mainland China and Southeast Asia. The e-commerce business of the Group includes wholesale business to e-commerce clients and operation of online stores, focusing on cross-border e-commerce sales to Mainland China. The retail store business of the Group includes sales of products through its brick-and-mortar retail store. In addition, the Group provides omnichannel brand marketing and management services for the brands it represents.

In FY2023, the Group recorded revenue of approximately HK$1,198.6 million, an increase of 1.1% from FY2022 of HK$1,186.2 million. The Group's net profit surged to HK$297.3 million (FY2022: HK$43.6 million), representing an increase of 581.4% year-on-year. The Group has achieved steady growth in revenue and continues to generate profit, mainly due to the Group's continuous efforts in optimising its product portfolio, exploring new markets in Southeast Asia, enhancing its own brands, as well as introducing new own products. These initiatives have led to an increase in overall revenue and gross profit. Additionally, the disposal of 51% interests of the then subsidiary during the Financial Year has resulted in a gain of HK$186.7 million (FY2022: Nil). Detailed information regarding this disposal has been included in the Company's announcements published on 7 July 2023, 27 July 2023, and 3 October 2023, as well as in the circular of the Company published on 26 October 2023.

Distribution business

During the Financial Year, the Group continued to proactively introduce more overseas healthcare brands to further improve its product portfolio and solidify its market advantage in the distribution business. With the full reopening of Hong Kong's borders at the beginning of the year and the HKSAR Government's distribution of the second round consumer vouchers in the first half of 2023, along with the promotion of the night economy to stimulate consumer spending among tourists and residents, these favourable factors have bolstered the performance of its distribution business, maintaining its upward trajectory. In the Financial Year, the Group's Hong Kong distribution sales amounted to HK$623.7 million, reflecting a significant 94.0% year-on-year increase. Similarly, the Group's Macau distribution sales experienced a notable growth rate of 19.1%, attributed to the combined effects of the resumption of cross-border travel between Hong Kong, Macau and Mainland China, and the expansion of the tourism industry in Macau. In addition to its continuous efforts to strengthen its business in Hong Kong, the Group has focused on penetrating the Southeast Asian market in recent years, resulting in a 152.3% year-on-year growth in its Southeast Asia distribution sales.

E-commerce business

In FY2023, the segment result of the e-commerce business amounted to HK$48.4 million (FY2022: HK$40.7 million).

In July 2023, the Group announced the sale of a 51% stake in Combo Win Asia Limited ("**CWA**"), which is principally engaged in the e-commerce business and distribution business of healthcare and wellbeing related products in the PRC, to an independent third party, Eyolution Capital Fund, for a consideration of HK$130 million. The sale was completed on 30 September 2023, and the Group currently holds a 49% equity interest in CWA. Consequently, CWA ceased to be the Group's subsidiary, and its financial performance from 1 October 2023 onwards were no longer consolidated into the Group's financial statements.

Considering the rapid growth of the Group's distribution business and the gradual recovery of revenue, which is expected to surpass pre-epidemic levels, the Group will prioritise allocating resources to drive the distribution business forward. The additional proceeds from the sale of the CWA stake will provide the Group with more resources to strengthen its distribution business in Hong Kong, Macau and Southeast Asia, as well as develop its own brands. These initiatives will propel the long-term development of the Group, enrich the Group's product portfolio, enhance gross profit margins, and achieve even better performance.

Retail store business

The Group is keen to widen its sales channels to offline retail shops. In May 2023, the Group acquired an additional 12% equity interest in Hong Ning Hong Limited ("**HNH**") at a cost of HK$9.12 million. Together with the 49% equity interest already owned by the Group, the Group now owns a total of 61% equity interest in HNH. Upon completion of the acquisition in May 2023, HNH became a subsidiary of the Group, and its performance is consolidated into the financial results of the Group. The operating subsidiary company of HNH is principally engaged in the retail and wholesale of pharmaceutical products and proprietary medicines in Hong Kong.

Omnichannel brand marketing and management services for brands

During the Financial Year, the Group continued to develop the omnichannel brand marketing and management business, which includes brand agent, promotion and marketing, management and distribution. By providing one-stop services for brands and upgrading its business chain, the Group has diversified its product portfolio and businesses, helping to increase its market share and gross profit margin.

Overseas brands distributed by the Group include one of the global best-selling probiotic brands, Culturelle®; Japanese anti-hair loss and hair protection brand, Kaminowa; and leading French baby washing care brand, Biolane, and more. For Biolane, the Group also has exclusive distribution rights in Singapore and Malaysia. In order to align with marketing and sales strategies, the Group has partnered with well-known artistes Mr. Wong Tak Bun, Kenny and Ms. Tse On Kay, Kay. They have successively become the brand ambassadors for the Japanese anti-hair loss and hair protection brand, Kaminowa, in Hong Kong. Their endorsements have generated positive publicity for the brand, serving as a testament to the Group's successful efforts in omnichannel marketing and management services. With increased consumer awareness of hair care and an ageing population, the Group is optimistic about the future sales prospects of anti-hair loss and hair growth products.

In addition, the Group has also secured exclusive distribution rights in Hong Kong and Macau for Nu-Prep, one of the best-selling star products of the Malaysian herbal health product brand from Biotropics Malaysia Berhad.

Active own-brand development

In addition to its brand agency business, the Group is also actively developing its own brands. The Group has established and developed its own well-received brands of healthcare products, including "Boost & Guard Pro (BG Pro 博健專研)", "Craft by Wakan (和漢匠心)", and "Kinmen Qiangxiao (金門強效)". Among them, "Boost & Guard Pro" and "Craft by Wakan" have quickly responded to market trends by introducing a diverse range of new products, allowing the Group to tap into a broader market of blue ocean.

The Group also effectively utilises its marketing prowess to promote its own brands. This includes enlisting the support of renowned artiste Ms. Lin Min Chen as the spokesperson for its flagship product "Craft by Wakan Japanese Probiotics", and inviting popular artiste Mr. Cheung Kai Chung, Louis, to endorse its best-selling brand "Kinmen Qiangxiao".

In addition, to align with the Group's strategy of strengthening the development of its own brands, Mr. Wong Ka Chun Michael, the Chairman, Executive Director, and Chief Executive Officer of the Group, personally acquired the well-established Hong Kong brand Po Wo Tong, which boasts a history of over 100 years. This acquisition positions Mr. Wong as a major shareholder, enabling collaboration with the Group to launch and sell a wider range of new products. The objective is to reinforce the Group's portfolio of own brand offerings. Using the proceeds from the previous sale of partial stake in its e-commerce business, the Group is investing more resources in its own brands with higher gross profit margins, and developing and launching more of its own brands and different products to cater for the needs of Mainland China visitors travelling under the Individual Visit Scheme ("**IVS**") after the reopening of the border, as well as the new trend of the PCM and healthcare products market as a whole.

Expanding international presence and tapping into the Southeast Asian market

In order to build a diversified sourcing network and enrich its product portfolio, the Group has been strengthening its overseas presence, and has established sourcing centres in Japan, South Korea, Singapore, Malaysia, Thailand, Vietnam, Macau, Australia and France, diversifying and internationalising the product portfolio of the Group.

Regarding business development in Southeast Asia, the Group, leveraging its rich experience and insightful strategies, believes that establishing a presence in this region will be advantageous. Consequently, the Group set up companies in Singapore and Malaysia before going public. In FY2022, the Group acquired the exclusive distribution rights of TJ-TYT Pharmaceuticals (M) Sdn. Bhd., which is principally engaged in, among other matters, manufacturing and wholesale of PCM, health supplements and healthcare products in Malaysia, to strengthen the Group's sales network and increase its customer base, and will actively expand the sales business in Singapore and Malaysia.

As the epidemic subsides, Southeast Asia has seen noticeable economic growth. In response, the Group will put more resources into the Southeast Asian market and apply the successful distribution model in Hong Kong to its distribution operations in Singapore and Malaysia. The Group aims to partner with prominent personal care product chains in Malaysia and Singapore. Among them is the chain store Guardian, known as Mannings in Hong Kong, which has its headquarters in Hong Kong and has maintained a friendly, cooperative relationship with the Group. This partnership benefits the Group by expanding its sales channels into Southeast Asia, which is expected to become another major profit-contributing region for the Group in the future.

In FY2023, the sales revenue from distribution in Singapore reached HK$41.8 million, representing an increase of 121.3% compared to HK$18.9 million in FY2022. It is anticipated that sales will continue to experience rapid growth in 2024.

On the other hand, capitalising on its wealth of experience, well-established distribution channels, and logistical advantages, the Group plans to promote its own brands in the Southeast Asian region, seizing new business opportunities while considering market conditions.

FUTURE OUTLOOK

The HKSAR Government expects that as the overall number of visitors to Hong Kong continues to recover in 2024, the consumption and service industries will play a significant role in driving the city's economic revival. The Government anticipates a full recovery in IVS travellers, and Hong Kong will actively promote mega event economy, striving to stimulate economic growth and development for the benefit of the society.

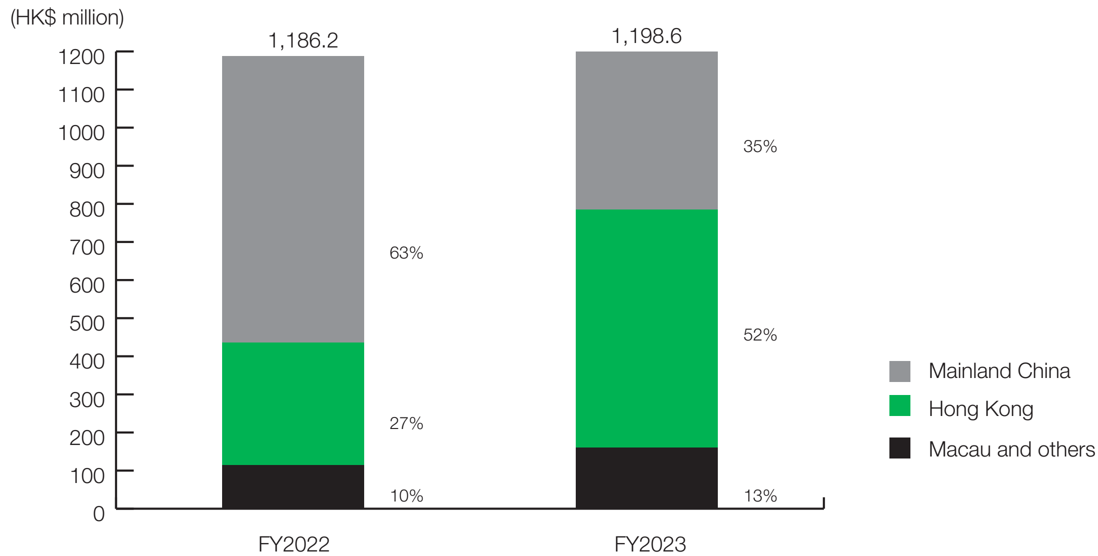
2024 is a year of striving for performance, revenue, and growth for the Group. Leveraging the experience and resources accumulated over the past three years of the epidemic, the Group can be anticipated to shine brightly. In addition to its continued focus on development in Hong Kong, Macau, and Mainland China, the Group will strengthen its presence in the Southeast Asian market, particularly in Singapore and Malaysia and expand its international presence. With a multi-faceted approach, the Group is confident that its revenue will further increase in the future.

The Southeast Asian market is vast, with a significant population of both indigenous residents and ethnic Chinese; therefore, there is a strong demand for reputable healthcare products and PCM in this region. With its accumulated experience and extensive sales network, both locally and internationally, as well as its long-standing partnerships with major chain stores, the Group will be able to optimise resource allocation and leverage its extensive network. Several brand owners have already expressed interest in collaborating with the Group to introduce their brands to Southeast Asia. In conjunction with its own brand products targeting the traditional Chinese medicine market, the Group believes that the development in Southeast Asia in 2024 will be highly promising, serving as a potential area for significant profit growth.

In the local market, the Group anticipates an increase in revenue from its popular products targeting IVS travellers. The Group's offline distribution business is expected to gradually recover to pre-epidemic levels. Furthermore, leveraging its expertise and extensive experience in the healthcare product and PCM industry, the Group has a positive outlook on the market for prepared Chinese herbal medicine and dry supplement products. The epidemic has heightened consumers' health consciousness, and there has been consistent advocacy for the benefits of traditional Chinese medicine domestically. This has resulted in a significant boost in PCM sales after the reopening of the border. The Group anticipates an even greater demand for prepared Chinese herbal medicine and dry supplement products than that before the epidemic. As a result, the Group has been actively expanding its range of supplement products and strengthening its PCM offerings, aiming to provide consumers with a healthy and vibrant lifestyle while laying a solid foundation for the Group's long-term development.

FINANCIAL REVIEW

Revenue



Geographical markets	Revenue **FY2023** ***HK$ million***	FY2022 *HK$ million*	Change
Hong Kong	**623.7**	321.6	▲94.0%
Mainland China	**413.9**	750.9	▼44.9%
Macau	**112.7**	94.5	▲19.1%
Others	**48.3**	19.2	▲152.3%
Total	**1,198.6**	1,186.2	▲1.1%

- The Group's total revenue for the Financial Year was up by 1.1% to HK$1,198.6 million (FY2022: HK$1,186.2 million).

- In Hong Kong, revenue for FY2023 jumped by 94.0% to HK$623.7 million (FY2022: HK$321.6 million) as we optimised our product portfolio. In Macau, revenue for FY2023 increased by 19.1% to HK$112.7 million (FY2022: HK$94.5 million). It was due to the full resumption of normal traveller clearance between Mainland China and Hong Kong and relaxation of the pandemic restrictive measures bringing more visitors under the IVS since early 2023, resulting in the increase in revenue of the Group derived from Hong Kong and Macau markets.

- During FY2023, revenue from Mainland China decreased by 44.9% to HK$413.9 million (FY2022: HK$750.9 million), the decrease was mainly due to the disposal of 51% stake in CWA which was completed on 30 September 2023 so that the revenue of Mainland China market derived from CWA was not consolidated into the Group since October 2023.

- In other markets including Singapore, revenue for FY2023 increased by 152.3% to HK$48.3 million (FY2022: HK$19.2 million) as a result of continuous efforts in the development and expansion of sales in Singapore.

Profitability

The gross profit of the Group increased by 22.8% to HK$321.1 million for the Financial Year as compared to that of HK$261.5 million for FY2022, and the gross profit margin increased by 4.8 percentage points to 26.8%. Increase in gross profit and gross profit margin was primarily due to (i) the expansion of the Group's revenue in distribution segment; (ii) the change in product mix; and (iii) the improvement in the gross profit margin of certain products.

Selling and distribution expenses of the Group for the Financial Year decreased by 10.6% to HK$108.5 million, as compared to HK$121.4 million for FY2022 due to the disposal of 51% stake in CWA that the relevant expenses were not consolidated into the Group since October 2023.

General and administrative expenses of the Group for the Financial Year increased by 16.0% to HK$84.5 million, as compared to HK$72.9 million for FY2022 which was mainly due to the increase in staff costs, depreciation and amortisation and professional fees.

Finance costs of the Group for the Financial Year increased by 106.8% to HK$23.4 million as compared to HK$11.3 million for FY2022 due to the increase in bank borrowings, increase in factoring and the general increase in interest rate.

Other income and other gains/(losses), net

Other income and other gains/(losses), net, of the Group for the Financial Year was HK$209.0 million (FY2022: other income and other losses of HK$2.4 million) which was mainly composed of (i) the gain of HK$186.7 million on disposal of 51% interests of the then subsidiary of the Company (i.e. CWA); (ii) the gain of HK$10.0 million on disposal of its entire 50% interests in Five Ocean Inc., the then joint venture of the Company to JBM (BVI) Limited, a wholly-owned subsidiary of JBM (Healthcare) Limited ("**JBM**", HKEX Stock Code: 2161.HK); and (iii) the fair value gain of HK$6.5 million on the investment in JBM as at the end of the Financial Year due to its fluctuation in share price.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the Financial Year was HK$297.3 million as compared to HK$43.8 million for FY2022. The increase is primarily due to (i) the increase in revenue and gross profit which is partly offset with the increase in overall general and administrative expenses and finance costs as discussed above; (ii) the gain on disposal of 51% interests of the then subsidiary; (iii) the gain on disposal of a joint venture; and (iv) the fair value gain on financial assets at fair value through profit or loss.

LIQUIDITY AND FINANCIAL RESOURCES

During the Financial Year, the Group has funded the liquidity and capital requirements primarily through bank borrowings, loan from a shareholder and cash generated from the operating activities.

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK$39.1 million (31 December 2022: HK$74.6 million), which were mainly denominated in Hong Kong dollars and Chinese Renminbi. The gearing ratio (defined as net debt divided by total equity plus net debt, where net debt includes interest-bearing bank borrowings, loan from a shareholder, lease liabilities less cash and cash equivalents) of the Group as at 31 December 2023 was 23.8% (31 December 2022: 47.6%). The decrease was mainly due to the percentage of increment of total equity being higher than the percentage of increment of net debt during the Financial Year.

CAPITAL STRUCTURE

As at 31 December 2023, the borrowings included secured interest-bearing bank borrowings of approximately HK$100.0 million (31 December 2022: HK$239.4 million), unsecured interest-bearing bank borrowings of approximately HK$39.0 million (31 December 2022: HK$39.0 million) and loan from a shareholder with maturity date on 29 March 2024 of approximately HK$50 million (31 December 2022: HK$50 million). Except for the Group's interest-bearing bank borrowings of HK$8.4 million (31 December 2022: HK$9.2 million) which was denominated in MOP, the Group's interest-bearing bank borrowings are all denominated in Hong Kong dollars. All borrowings are at floating rates.

Maturity analysis of bank borrowings of the Group as at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
	HK$'000	*HK$'000*
Within one year	**131,083**	242,012
In the second year	**469**	24,088
In the third to fifth years, inclusive	**1,506**	4,049
Beyond five years	**5,970**	8,219
	139,028	278,368

As at 31 December 2023, the Company's issued share capital was HK$8.0 million and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's reporting currency is Hong Kong dollars. The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency. The currency giving rise to this risk is primarily Chinese Renminbi. During the Financial Year, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 December 2023, (i) certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$33.4 million (31 December 2022: HK$53.3 million) were pledged to secure certain bank loans granted to the Group; and (ii) all the Group's equity interests in HNH were pledged to secure a loan from a shareholder granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 March 2020 ("**Prospectus**") and Annual Report 2022, the Group does not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of 12% Equity Interest in HNH

On 28 April 2023, an indirect wholly-owned subsidiary of the Company as purchaser ("**Purchaser**"), entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of Jacobson Pharma Corporation Limited (HKEX Stock Code: 2633.HK) as seller ("**Seller**"), pursuant to which the Purchaser has agreed to purchase, and the Seller has agreed to sell 12% of the issued shares of HNH, a company then owned as to 49% by the Purchaser, for an aggregate consideration of HK$9,120,000. Completion of such acquisition took place on 31 May 2023, whereby HNH and its operating subsidiary became partially (61%) owned subsidiaries of the Company. For details, please refer to the announcement of the Company dated 28 April 2023.

In connection with the abovementioned acquisition, the parties also entered into a put option deed and a call option deed. Pursuant to the call option deed, the Seller has granted to the Purchaser a call option, the exercise of which shall require the Seller to sell all or any of the option shares to the Purchaser at the option price. The maximum number of the option shares is 90,000 issued shares of HNH, which represents 9% of its issued share capital.

Pursuant to the put option deed, the Purchaser has granted to the Seller a put option, the exercise of which shall require the Purchaser to purchase all or any of the option shares from the Seller at the option price. The maximum number of the option shares is 90,000 issued shares of HNH, which represents 9% of the issued share capital of HNH.

Disposal of 51% interest in CWA

On 7 July 2023, Dynasty Garden Limited ("**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser ("**SP Agreement**"), Eyolution Capital Fund ("**Purchaser**"), to dispose of 51% of the issued shares of CWA ("**Sale Shares**") at an aggregate consideration of HK$130,000,000 ("**Disposal**"). The completion of the Disposal took place on 30 September 2023. Upon completion, each of CWA and its subsidiaries ("**Target Group**") ceased to be a subsidiary of the Company and their financial results were not consolidated into the Group's financial statements from 1 October 2023 but the Vendor would continue to hold 49% equity interest in the Target Group.

Pursuant to the SP Agreement, the Vendor has granted the Purchaser a put option, pursuant to which the Purchaser is entitled to, subject to completion of the Disposal, sell at its discretion all (and not part) of the Sale Shares held by it to the Vendor and/or other party(ies) procured by the Vendor upon the occurrence of the put option triggering events, among others, the Target Group failing to meet any of the performance targets.

In order to avoid unnecessary disruption to the operations of CWA, certain transitional financial assistances are expected to continue to exist for a certain period after the completion of the Disposal and such arrangement therefore, constituted provision of financial assistance by the Group to the Target Group ("**Provision of Financial Assistance**") under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of the Disposal and the Provision of Financial Assistance was more than 25% but less than 75%, each of the Disposal and the Provision of Financial Assistance constituted a major transaction of the Company under the Listing Rules and was subject to the notification, announcement and shareholders' approval requirements under the Listing Rules. Each of the Disposal and the Provision of Financial Assistance was approved by way of a written Shareholder's approval by Tycoon Empire Investment Limited, which as at the date of such approval held approximately 56.01% of the issued shares of the Company, pursuant to Rule 14.44 of the Listing Rules.

For details, please refer to the announcements of the Company dated 7 July 2023, 27 July 2023 and 3 October 2023 and the circular of the Company dated 26 October 2023.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the Financial Year.

As disclosed above, the Group is required to meet certain performance targets for CWA. Such performance targets include the total consolidated profit after tax attributable to the owners of CWA for FY2023 and the financial year ending 31 December 2024 ("**FY2024**") being no less than HK$74,000,000; and the total consolidated turnover of CWA for FY2023 and FY2024 being no less than HK$1,640,000,000.

The following information are provided to the investors and Shareholders to keep them informed of the relevant progress.

Based on the information currently available, the total consolidated turnover of CWA for FY2023 was approximately HK$767.7 million, the total consolidated profit after tax attributable to the owners of CWA for FY2023 was approximately HK$39.5 million and the net cash generated from operating activities of the Group for the Financial Year amounted to HK$77.8 million, if also including the net cash generated from operating activities of the CWA for the fourth quarter.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Reference is made to the circular of the Company dated 26 October 2023 in relation to the disposal of 51% interest in CWA ("**Major Disposal Circular**"). As disclosed in the Major Disposal Circular, the Provision of Financial Assistance (as defined in the Major Disposal Circular) to the Target Group would continue for a period of time as a transitional arrangement after completion of the Disposal. Such arrangement, apart from amounting to a major transaction of the Company, would also constitute advance to an entity under Rule 13.13 of the Listing Rules and provision of guarantee to affiliated companies of the Company under Rule 13.16 of the Listing Rules.

The completion of the Disposal took place on 30 September 2023.

As disclosed in the Major Disposal Circular, as at 30 June 2023, the total amount of the Relevant Banking Facilities (as defined in the Major Disposal Circular) available for draw down was approximately HK$308.5 million and the total amount of the Relevant Inter-Company Balance (as defined in the Major Disposal Circular) was approximately HK$81.0 million. As such, the maximum amount of the Provision of Financial Assistance amounted to HK$389.5 million as at 30 June 2023.

As at 31 December 2023, the total amount of the Relevant Banking Facilities which could be drawn down by the Target Group and guaranteed by the Company was HK$293.5 million and the Relevant Inter-Company Balance of non-trade nature was approximately HK$88.2 million. As such, the maximum amount of the Provision of Financial Assistance amounted to HK$381.7 million as at 31 December 2023.

As at 31 December 2023, approximately HK$61.3 million of the Relevant Banking Facilities were utilised by the Target Group and secured by guarantees of the Company. Certain of the Group's property, plant and equipment were pledged to secure bank loans of HK$69.8 million granted to the Target Group. The interest rate of the Relevant Banking Facilities is ranging from Prime-1.25% to HIBOR+3.25% and the repayment term is ranging from 90 days to 1 year after utilisation. Such Relevant Banking Facilities were provided by licensed banks in Hong Kong and were secured by corporate guarantees provided by the Company, charges over three properties held by a member of the Group, and other non-current asset held by a member of the Target Group.

The Relevant Inter-Company Balance was interest free and repayable on demand.

SIGNIFICANT INVESTMENT HELD

As of 31 December 2023, the Group's investment in JBM was regarded as a significant investment of the Group as the value of the Group's investment in JBM amounted to 5% or more of the Group's total assets. Details of the Group's investment in JBM are as follows:

(i) Details of the investment in JBM	55,000,000 ordinary shares in JBM, representing 6.35% equity interests in JBM. The cost of the Group's investment in JBM in HK$51.3 million.
(ii) Fair value of the investment in JBM as at 31 December 2023:	HK$57.8 million
(iii) The investment's size relative to the Group's total assets as at 31 December 2023:	5.8%
(iv) The performance of the investment in JBM:	Fair value gain on financial assets at fair value through profit or loss of HK$6.5 million for the year ended 31 December 2023. A final dividend of HK$2.5 cents per share for the year ended 31 March 2023 and an interim dividend of HK$3.45 cents per share for six months ended 30 September 2023 was declared and approved by JBM.
(v) Principal activity of JBM and its subsidiaries:	The principal activity of JBM is investment holding. The subsidiaries of JBM are principally engaged in manufacturing and trading of branded medicines, health and wellness products and PCM.
(vi) Future prospects of JBM:	JBM has a compelling product portfolio consisting of leading brands and science-based technology. COVID-19 intensified health awareness and consumer urgency to proactively manage well-being, along with aging populations, sedentary lifestyles and growing health consciousness amid rising living standards, fueling the growth momentum of the consumer healthcare market. Meanwhile, with the favourable policy support of the development of PCM in the Greater Bay Area, as a prominent player in the PCM and concentrated Chinese medicine Granules market in Hong Kong, JBM is well-positioned to capitalise on the potential of the thriving market, which boasts a substantial population of over 70 million in the Greater Bay Area.
(vii) The Group's investment strategy:	Long term and strategic investment on business partner.

Save for those disclosed above, the Group did not hold any significant investments during the Financial Year (31 December 2022: Nil).

CAPITAL COMMITMENT

As at 31 December 2023, the Group had no material capital commitment (31 December 2022: Nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

UPDATE ON THE PRE-IPO SHAREHOLDERS AGREEMENT

Reference is made to the Prospectus and the announcement of the Company dated 18 June 2021.

As set out in the section headed “Pre-IPO Investments” in the Prospectus, the Company, the controlling shareholders of the Company (“**Controlling Shareholders**”) and the pre-IPO investors entered into a shareholders’ agreement on 19 February 2019 (“**Pre-IPO Shareholders Agreement**”).

Under the Pre-IPO Shareholders Agreement, China Resources Pharmaceutical Retail Group Limited (“**CR Pharma Retail**”), being one of the pre-IPO investors, was granted certain special rights by the Controlling Shareholders, which have survived after listing of the shares (“**Shares**”) of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Global Offering**”). Such rights included, without limitation, the right to receive compensation from the Controlling Shareholders in the event that the aggregated sum of the audited consolidated net profit of the Company for the two financial years ended 31 December 2020 (excluding certain expenses) was less than HK$274.0 million (“**Target Profit**”).

Given that the Target Profit was not met, the Controlling Shareholders had approached CR Pharma Retail to liaise for amendment of certain terms of the Pre-IPO Shareholders Agreement. On 18 June 2021, the Company, the Controlling Shareholders, Pre-IPO Investor A and Pre-IPO Investor B entered into a modification deed to amend the Pre-IPO Shareholders Agreement (“**Amended Pre-IPO Shareholders Agreement**”). Pursuant to the Amended Pre-IPO Shareholders Agreement, certain special rights granted to Pre-IPO Investor A by the Controlling Shareholders were amended such as (i) the profit guarantee period is extended to 31 December 2023; and (ii) the Target Profit is still HK$274.0 million but covering five financial years ended 31 December 2023.

For details of the Amended Pre-IPO Shareholders Agreement, please refer to the announcement of the Company dated 18 June 2021.

Based on the latest available information, the aggregate sum of the audited net profit of the Company for the five financial years ended 31 December 2023 exceeds the Target Profit and thus the profit guarantee under the Amended Pre-IPO Shareholders Agreement undertaken by the Controlling Shareholder in favour of CR Pharma Retail has been met and the Company is given to understand that the Controlling Shareholder will take appropriate action to liaise with CR Pharma Retail for the release of the Share Charge (as more particularly described in the paragraph headed “Pledge of Shares by Controlling Shareholder” below).

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

200,000,000 Shares are charged by Tycoon Empire Investment Limited ("**Tycoon Empire**"), the Controlling Shareholder, in favour of CR Pharma Retail, a wholly-owned subsidiary of China Resources Pharmaceutical Group Limited ("**CR Pharma**", HKEX Stock Code: 3320.HK) ("**Share Charge**") as security for the performance by Tycoon Empire and Mr. Wong Ka Chun Michael of their obligations under the Amended Pre-IPO Shareholders Agreement.

For details of the Share Charge, please refer to "Pre-IPO Investments" in the Prospectus and the announcement of the Company dated 18 June 2021.

As disclosed above, the Company is given to understand that the Controlling Shareholder will take appropriate action to liaise with CR Pharma Retail for the release of the Share Charge in view of the meeting of the Target Profit over a period of five years ended 31 December 2023 under the Amended Pre-IPO Shareholders Agreement as described above.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 130 employees (31 December 2022: 179). During the Financial Year, the total staff costs incurred were approximately HK$65.9 million (FY2022: HK$53.7 million). The Group's remuneration policy is based on position, duties and performance of the employees. Employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and subsidies. The performance appraisal cycle varies according to the positions of employees. In order to provide incentives to and to recognise the contributions of employees of the Group, the Group has also adopted a Share Award Scheme and Share Option Scheme.

ANNUAL GENERAL MEETING

An annual general meeting of the Company ("**AGM**") will be held on Friday, 31 May 2024 and the notice of the AGM will be published and (where applicable) despatched to the shareholders of the Company ("**Shareholders**") in accordance with the Company's articles of association and the Listing Rules in due course.

DIVIDENDS

An interim dividend of HK3.5 cents per ordinary share was paid on 30 October 2023. The Directors have resolved to recommend a final dividend of HK3.5 cents (2022: HK3 cents) per ordinary share for the year ended 31 December 2023 to the Shareholders, subject to the approval by the Shareholders at the forthcoming annual general meeting of the Company. If so approved by the Shareholders, it is expected that the final dividend will be paid in cash on or about 12 July 2024 to Shareholders whose names appear on the register of members of the Company on 14 June 2024.

In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 12 June 2024 for registration.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 pm on Friday, 24 May 2024.

The record date for the proposed final dividend is on 14 June 2024. To determine the eligibility to the proposed final dividend for the year ended 31 December 2023 (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Thursday, 13 June 2024 to Friday, 14 June 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 pm on Wednesday, 12 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the Financial Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions of the Company by the Directors ("**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules. Having made specific enquiries with the Directors, all the Directors confirmed that they had complied with the Securities Dealing Code during the Financial Year.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 (formerly known as Appendix 14) to the Listing Rules.

To the best of the knowledge of the Board, the Company has fully complied with the requirements under the CG Code during the Financial Year, except for the deviation from code provision C.2.1 of the CG Code.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Group are not separated and are performed by the same individual, Mr. Wong Ka Chun Michael, who has been responsible for overall strategic planning and management of the Group since the Group was founded and has extensive knowledge and experience in the healthcare and personal care products industry. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board ("**Audit Committee**") has reviewed together with the Company's management, the accounting principles and practices adopted by the Group, has discussed internal control and financial reporting matters and has reviewed the audited consolidated financial statements of the Group for the Financial Year.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE 2023 ANNUAL RESULTS ANNOUNCEMENT AND 2023 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tycoongroup.com.hk). The annual report of the Company for the Financial Year containing all the information required under the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and, where applicable, will be despatched to the Shareholders in due course.

On behalf of the Board
Tycoon Group Holdings Limited
Wong Ka Chun Michael
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Wong Ka Chun Michael; four non-executive Directors, namely Mr. Cao Weiyong, Ms. Chong Yah Lien, Ms. Li Ka Wa Helen and Mr. Lau Ka On David; and three independent non-executive Directors, namely Mr. Chung Siu Wah, Ms. Chan Ka Lai Vanessa and Mr. Mak Chung Hong (also known as Mak Tommy Chung Hong).